

ANNUAL FINANCIAL STATEMENTS
MKHAMBATHINI MUNICIPALITY

30 JUNE 2006

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GENERAL INFORMATION

MEMBERS OF THE COUNCIL

Councillor/Alderman:

S P GOOD

TA GWALA

TZ MAPHUMULO

M K MKHIZE

JS MKHIZE

E NGCONGO

ME NGCONGO

FJ NGUBANE

MR NTULI

S TOVENRATH

B ZONDI

MAYOR: Mr. M NENE

DEPUTY MAYOR: Mrs. T.E. MAPHUMULO

SPEAKER: Mr. F.P. MSOMI

GRADING OF LOCAL AUTHORITY

Grade 2

AUDITORS

Auditor-General

BANKERS

Primary Current Account:

First National Bank, Pietermaritzburg

REGISTERED OFFICE

Civic Office Telephone: 031 - 7851668/184

18 Old Main Road Private Bag X04

Camperdown Fax: 031 - 7851463

3720 email: ctlc @ mweb.co.za

MUNICIPAL MANAGER

D PILLAY

CHIEF FINANCIAL OFFICER

GT MAGCABA

Approved by the Municipal Manager on 25 August 2006 and submitted and approved by Council on2006.

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MUNICIPAL MANAGER

TREASURER'S REPORT

2005/2006 REVIEW

It is a great pleasure and honour to present the annual report on the activities of the Mkhambathini Municipality for the year ended 30 June 2006.

The municipality's operating activities have been running smoothly, and are improving with time. The concentration was on the establishment of new municipal offices, employment of new staff members, development of procedures, collection of data from different locations and training of staff members.

The challenge for this year was to conform with the MFMA regulations, and some backlogs were dealt with during the year.

1 OPERATING RESULTS

Details of the operating results per department, classification and object of expenditure are included in appendices D and E. The overall operating results for the year ended 30 June 2006 are as follows:

Income:	R	
Actual 2006	17,532,713	
Actual 2005	11,568,540	
Variance (%)		51.6
Actual 2006	17,532,713	
Budget 2006	18,138,929	
Variance (%)		-3.3
Expenditure:	R	
Actual 2006	15,957,676	
Actual 2005	9,314,598	
Variance (%)		71.3
Actual 2006	15,957,676	
Budget 2006	18,138,929	
Variance (%)		-12.0

The surplus of R 1 479 583 for the year increased the Retained Income at year end to R 7 274 916, which leaves Council in a strong financial position on operating account facing the challenges of the future. The surplus achieved is mainly attributable to

- An increase in agency fees income over budget of R 1 404 801, counter-acted by budgeted use of R 1 284 099 of the Retained Income not being necessary
- A saving in the salaries budget of R 1 186 176

2 CAPITAL EXPENDITURE AND FINANCING

- 2.1 The expenditure on fixed assets incurred during the year amounted to R 4 348 962, which consisted mainly of
- | | |
|----------------------------|------------------|
| - Buildings | 2,105,006 |
| - Inhlazuka Bakery project | 440,224 |
| - Equipment | 220,127 |
| - Building : Creche | 293,073 |
| - Upgrading sports fields | 582,413 |
| - Street lights | 208,199 |
| - Vehicles | 12,751 |
| | <u>3,861,793</u> |
- Details are reflected in Appendix C.
- 2.2 Resources used to finance the fixed assets were as follows:
- | | |
|---|------------------|
| | R |
| Internal Advances ex Capital Development Fund | 3,114,843 |
| Contributions from operating income | 12,751 |
| Transitional Grant | 248,598 |
| Infrastructure Grant | 611,729 |
| | <u>3,987,921</u> |
- 2.3 Expenditure on fixed assets was R 3 001 871 or 304% more than in 2004/2005.

3 EXTERNAL LOANS, INVESTMENTS AND CASH

- 3.1 There are no external loans.
- 3.2 Cash resources totalled R 15 675 141 at 30 June 2006, compared with R 11 820 549 at 30 June 2005.
- Cash resources at 30 June 2006 were insufficient to cover the following:
- | | |
|--|-------------------|
| - Statutory funds (unexpended portion) | 1,717,998 |
| - Trust funds (unspent conditional grants) | 7,009,781 |
| - Retained income | 7,318,957 |
| - Provisions | 459,908 |
| | <u>16,506,644</u> |
- The cash resources short-fall at year end was therefor R 831 503
(R 16 506 644 - R 15 675 141)
- This means that the Retained Income was not cash-backed by this amount at year end.
- Accordingly the municipality's finances were in a fairly sound position at 30 June 2006.

4 DEBTORS

These increased by R 1 323 920 or 51% during the year.

The bigger balances are R 1 580 810 owed by the District Municipality for agency fees, the SARS for VAT and a prepayment for a vehicle.

Creditors also includes a District Municipality balance of R 1 322 022, being monies received on behalf of the District Council.

5 FUNDS AND PROVISIONS

- 5.1 The unexpended portions of the Statutory Funds at 30 June 2006 were as follows :

Capital Development Fund	941,879
Public Improvement Fund	1,137,160
	<u>2,079,039</u>

A contribution of R 906 900 was made to the Capital Development Fund during the year, and the Funds earned interest of R 369 804.

Advances from the Funds to the Rate and General Service stood at R 4 180 229 at 30 June 2006.

- 5.2 Trust Funds (unexpended grants) are summarised as follows :

a) Conditional grants and subsidies

Unspent at the beginning of the year	3,655,841
Received during the year	5,606,957
Interest earned during the year	266,874
Spent during the year	<u>(2,519,891)</u>
Unspent at the beginning of the year	<u>7,009,781</u>

b) Unconditional grants and subsidies

Unspent at the beginning of the year	0
Received during the year	9,673,813
Spent during the year	<u>(9,673,813)</u>
Unspent at the beginning of the year	<u>0</u>

- 5.3 Contributions of R 554 740 were made to provisions, and expenditure of R 431 807 was charged to provisions during the year.

6 POST BALANCE SHEET EVENTS

There were no events subsequent to the balance sheet date that materially influenced the disclosures contained in these financial statements

EXPRESSION OF APPRECIATION

I am grateful to the Chairman and members of the Council for the support they have given me, and to the staff, and in particular to the local representatives of the Auditor-General.

G T MAGCABA

CHIEF FINANCIAL OFFICER

ACCOUNTING POLICIES

1. Basis of presentation

- 1.1 These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Practice for Local Government Accounting(1997) and Published Financial Statements for Local Authorities (2nd Edition, as amended).
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for capital expenditure as more fully detailed in note three hereunder. The accounting policies are consistent with those applied in the previous year, except if otherwise indicated.
- 1.3 The financial statements are prepared on the accrual basis:
 - Income is accrued when measurable and available for finance in the future. Certain direct income is accounted for when received, such as traffic fines.
 - Expenditure is accrued in the year it is incurred.
- 1.4 All amounts disclosed in these Financial Statements are rounded off to the nearest Rand, but actual amounts were used in the calculations.

2. Consolidation

The balance sheet includes the Rate and General services, and the different funds, reserves and provisions.

3. Fixed Assets

- 3.1 Fixed Assets are stated:
 - at historical cost, or
 - at valuation (based on the market price at date of acquisition), where assets have been acquired by grant or donation.
 while they are in existence and fit for use.

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3.2 Depreciation

The balance shown against the heading "Loans Redeemed and Other Capital Receipts" in the notes to the balance sheet is tantamount to a provision for depreciation, however, certain structural differences do exist. By way of this "Provision" assets are written down over their estimated useful life. Apart from advances from the various internal funds, assets may also be acquired through:

- Appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income, and therefore it is unnecessary to make any further provision for depreciation.
- Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and Other Capital Receipts" account.

3.3 All net proceeds from the sale of fixed property are credited to the Public Improvement Fund. Net proceeds from the sale of all other assets are credited to the Capital Development Fund.

3.4 Capital assets are financed from different sources, including external loans, operating income, contributions and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans or advances. Interest is charged to the service concerned at the ruling interest rate applicable at the time that the advance is made.

4. Stock

Stock is purchased on a need basis, and the balance on hand at year end is accounted for as expenditure.

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5. Funds and Reserves

5.1 Capital Development Fund

The Local Authorities Ordinance No. 25 of 1974, requires a minimum contribution of 3,0 percent of Revenue income of a local authority for the financial year.

5.2 Public Improvement Fund

The Local Authorities Ordinance No. 25 of 1974, stipulates that this fund be maintained in respect of all property belonging to the Board, which is not utilised for a specific purpose relating to the provision of services.

5.3 Reserves and Provisions

A provision for audit costs was maintained at the estimated costs for the financial year.

A contribution was made to the leave provision to cover a possible total leave payout at 30 June 2006.

6. Surpluses

The extent by which the retained income is cash-backed is contained in the Treasurer's Report.

7. Leased Assets

Leases are treated as operating leases and the relevant rentals are charged to the operating account in a systematic manner related to the period of use of the assets concerned.

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8. Investments

Investments are shown at cost, and are invested in short term deposits with banks.

9. Income recognition

9.1 Assessment Rates

The Council applies a differential rating system. In terms of this system the assessment rates are levied on the land value of property, and rebates are granted according to the use to which a particular property is put.

Interest and rentals are recognised on a time proportion basis.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

10. Retirement benefits

Council employees contribute to the Natal Joint Municipal Pension Fund. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the final pensionable remuneration paid. Current contributions by the Local Council are charged against expenditure on the basis of current service costs.

Full actuarial valuations are performed at least every five years. The last valuation was done on 31 March 2003.

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BALANCE SHEET AT 30 JUNE 2006

	Note	2006 R	2005 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES			
Statutory funds	1	6,460,868	5,184,164
Reserves	2	0	4,050
RETAINED INCOME	16	7,274,916	5,795,333
TRUST FUNDS	3	7,009,781	3,655,841
LONG-TERM LIABILITIES	4	0	0
CONSUMER DEPOSITS:SERVICES	5	0	0
		<u>20,745,565</u>	<u>14,639,388</u>
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	6	4,180,227	1,412,705
LONGTERM DEBTORS	7	0	56,433
		<u>4,180,227</u>	<u>1,469,138</u>
NET CURRENT ASSETS		16,565,338	13,170,250
CURRENT ASSETS		19,607,182	15,048,980
Debtors	9	3,932,041	2,608,121
Short term deposits	8	15,412,473	12,439,959
Cash and Cash Equivalents	21	262,668	900
CURRENT LIABILITIES		3,041,844	1,878,730
Provisions	10	459,908	336,975
Creditors	11	2,581,936	921,445
Bank Overdraft	21	0	620,310
Short term portion of long-term liabilities	4	0	0
		<u>20,745,565</u>	<u>14,639,388</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 R	2005 R
CASH RETAINED FROM OPERATING ACTIVITIES:		7,842,513	3,912,580
Cash generated by operations	17	5,722,851	3,076,085
Investment income		866,330	544,208
(Increase)/decrease in working capital	18	393,004	154,214
		6,982,185	3,774,506
Less: External interest paid		0	0
Cash available from operations		6,982,185	3,774,506
Cash contributions from the State		860,328	138,074
Cash contributions from the Public		0	0
Net proceeds on disposal of fixed assets		0	0
CASH UTILISED IN INVESTING ACTIVITIES			
Investment in Fixed Assets		(3,987,921)	(986,050)
NET CASH FLOW		<u><u>3,854,592</u></u>	<u><u>2,926,530</u></u>
CASH EFFECTS OF FINANCING ACTIVITIES:			
Increase/(decrease) in long-term Loans	19	0	0
(Increase)/decrease in cash investments	20	(2,972,514)	(4,247,482)
(Increase)/decrease in cash	21	(882,078)	1,320,952
Net cash (generated)/utilised		<u><u>(3,854,592)</u></u>	<u><u>(2,926,530)</u></u>

INCOME STATEMENT FOR THE YEAR ENDED

30 JUNE 2006

2005 Actual income R	2005 Actual expenditure R	2005 Surplus/ (Deficit) R		2006 Actual income R	2006 Actual expenditure R	2006 Surplus/ (Deficit) R
11,568,540	9,314,598	2,253,942	RATE AND GENERAL SERVICES	17,532,713	15,957,676	1,575,037
10,928,630	8,997,785	1,930,845	Community services	16,529,269	15,534,242	995,027
639,910	316,813	323,097	Economic services	1,003,444	423,434	580,010
0	0	0	TRADING SERVICES	0	0	0
<u>11,568,540</u>	<u>9,314,598</u>	2,253,942	TOTAL	<u>17,532,713</u>	<u>15,957,676</u>	<u>1,575,037</u>
		(1,940,587)	Appropriations for this year			(95,454)
		313,355	Net surplus for the year			1,479,583
		5,481,978	Accumulated surplus beginning of the year			5,795,333
		<u>5,795,333</u>	ACCUMULATED SURPLUS END OF THE YEAR			<u>7,274,916</u>

(Refer to appendix D and E for more detail)

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

	2006 R	2005 R
1 STATUTORY FUNDS		
Capital Development Fund	5,067,310	3,874,948
Public Improvement Fund	1,393,558	1,309,216
	<u>6,460,868</u>	<u>5,184,164</u>
(Refer to appendix A for more detail)		
2 RESERVES		
Street Lights	<u>0</u>	<u>4,050</u>
(Refer to appendix A for more detail)		
3 TRUST FUNDS		
Grants and Subsidies Fund	<u>7,009,781</u>	<u>3,655,841</u>
(Refer to appendix A for more detail as required by Section 123 of the Municipal Finance Management Act)		
No funds destined for the Municipality in terms of the Division of Revenue Act were delayed or withheld.		
4 LONG TERM LIABILITIES		
Annuity Loans	0	0
Less: Short term portion	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
(Refer Appendix B for more detail)		
5 CONSUMER DEPOSITS		
Consumers deposits	0	0
Sundry deposits	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
6 FIXED ASSETS		
Fixed assets at the beginning of the year	7,902,977	6,916,927
Capital expenditure during the year	3,987,921	986,050
Less: Assets written off, transferred or disposed of during the year		0
Total fixed assets	<u>11,890,898</u>	<u>7,902,977</u>
Less: Loans redeemed and other capital receipts	<u>7,710,671</u>	<u>6,490,272</u>
Refer to Balance sheet	<u>4,180,227</u>	<u>1,412,705</u>
(Refer to appendix C and section 2 of the Treasurer's Report for more details on fixed assets)		

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006 (continued)

7 LONGTERM DEBTORS	2006 R	2005 R
Vehicle loans	0	75,172
Less: Short-term portion transferred to Current debtors	0	18,738
	<u>0</u>	<u>56,434</u>

8 INVESTMENTS

Unlisted Short term deposits	<u>15,412,473</u>	<u>12,439,959</u>
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Section 125 of the Local Authorities Ordinance, No. 25 of 1974, requires local authorities to invest funds, which are not immediately required, with prescribed institutions.

No investments have been written off during the year.

9 DEBTORS

Current debtors (consumer and other)	232,617	198,421
Prepayment (Vehicle)	317,000	0
Current portion of Longterm Debtors	0	18,738
District Municipality	1,580,810	1,472,043
Accrued revenue	21,256	51,320
Staff loans	0	30,266
SA Revenue Service (VAT due)	1,584,674	803,626
Salaries suspense	46,658	0
Other	84,533	0
Deposits with creditors	64,493	33,708
	<u>3,932,041</u>	<u>2,608,121</u>
Less: Provision for bad debts	0	0
Net current debtors	<u>3,932,041</u>	<u>2,608,121</u>

No debts were written off as bad debts.

10 PROVISIONS

Audit fees	130,000	110,205
Leave	329,908	226,770
	<u>459,908</u>	<u>336,975</u>

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006 (continued)

11 CREDITORS	2006 R	2005 R
Trade Creditors	924,671	116,096
Value Added Tax (Due by debtors)	187	187
Prepaid Debtors	51,719	28,334
Deposits held	33,750	27,950
District Municipality	1,322,022	664,686
Provision for bonuses	245,553	74,053
Suspense	4,034	10,139
	<u>2,581,936</u>	<u>921,445</u>

12 ASSESSMENT RATES

		Actual income 2006 R	Actual income 2005 R
Rateable Land	R 13,608,600	<u>1,032,314</u>	<u>972,651</u>

Valuations on land are performed every five years.

The basic rate was 9.38 c per Rand on land only.

Rebates are granted as follows:

25 % on Residential properties and 48 % on Agricultural properties.

The State receives a discount of 20 % on their properties.

The fixed date of the Valuation roll was 1 March 1996.

13 COUNCILLORS' REMUNERATION	2006 R	2005 R
Mayor's Allowance	210,993	213,775
Deputy Mayor's Allowance	112,419	77,522
Speaker's Allowance	151,028	180,653
Executive Committee Allowance	117,277	185,493
Councillors' Allowances	507,090	439,881
	<u>1,098,807</u>	<u>1,097,324</u>

The salaries, allowances and benefits are within the limits of the framework envisaged in section 219 of the Constitution.

There are no arrears owed by councillors in excess of 90 days.

14 AUDITORS' REMUNERATION		
Audit fees	<u>124,212</u>	<u>84,417</u>

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006 (continued)

15 FINANCE TRANSACTIONS

	2006 R	2005 R
Total external interest earned/(paid):		
Interest earned	866,330	0
Interest paid	<u>0</u>	<u>0</u>
	<u>866,330</u>	<u>0</u>
Capital charges debited to operating account:		
Interest: External	0	0
Internal	109,207	66,039
Redemption: External	0	0
Internal	<u>347,319</u>	<u>244,733</u>
	<u>456,526</u>	<u>310,772</u>

16 APPROPRIATIONS

Appropriation account		
Unappropriated Surplus at the beginning of the year	5,795,333	5,481,978
Operating surplus for the year	1,575,037	2,253,942
Prior year adjustments	<u>(95,454)</u>	<u>(1,940,587)</u>
	<u>7,274,916</u>	<u>5,795,333</u>
Operating account		
Capital expenditure	12,751	64,836
Contributions to:		
Provisions	554,739	362,533
Reserves	0	0
Capital Development Fund	<u>906,900</u>	<u>2,326,928</u>
	<u>1,474,390</u>	<u>2,754,297</u>

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NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006 (continued)

	2006 R	2005 R
17 CASH GENERATED BY OPERATIONS		
Surplus for the year	1,575,037	2,253,942
Adjustments in respect of:		
Previous years' operating transactions	(95,454)	(1,940,587)
Appropriations charged against income:	1,474,390	2,754,297
. Capital Development Fund	906,900	2,326,928
. Reserves	0	0
. Provisions	554,739	362,533
. Fixed Assets	12,751	64,836
Capital Charges:		
. Interest paid:		
- to internal funds	109,207	66,039
- on external funds	0	0
. Redemption		
- of internal advances	347,319	244,733
- of external loans	0	0
Investment income (operating account)	(338,857)	(163,262)
Non-operating income:		
. Trust Funds	5,606,957	2,344,902
. Provisions	0	0
Non-operating expenditure:		
. Statutory Funds	0	(664,686)
. Trust Funds	(2,519,891)	(1,251,416)
. Provisions	(431,807)	(567,877)
. Reserves	(4,050)	0
	5,722,851	3,076,085

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006 (continued)

	2006 R	2005 R
18 (INCREASE)/DECREASE IN WORKING CAPITAL		
(Increase)/decrease in debtors	(1,267,487)	139,097
Increase/(decrease) in creditors	<u>1,660,491</u>	<u>15,117</u>
	<u>393,004</u>	<u>154,214</u>
19 INCREASE/(DECREASE) IN LONG-TERM LOANS (EXTERNAL)		
Loans raised	0	0
Loans repaid	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
20 (INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENT		
Investment realised	0	0
Investment made	<u>(2,972,514)</u>	<u>(4,247,482)</u>
	<u>(2,972,514)</u>	<u>(4,247,482)</u>
21 (INCREASE)/DECREASE IN CASH ON HAND		
Cash balance at beginning of the year	(619,410)	701,542
Less: Cash balance at the end of the year	<u>(262,668)</u>	<u>(619,410)</u>
	<u>(882,078)</u>	<u>1,320,952</u>
22 CAPITAL DEVELOPMENT FUND		
Accumulated Funds (Appendix A)	5,067,310	3,874,948
Less: Internal Investments to Borrowing Services (Appendix B)	<u>(4,125,431)</u>	<u>(1,348,863)</u>
Balance available for External Investment	<u>941,879</u>	<u>2,526,085</u>
23 PUBLIC IMPROVEMENT FUND		
Accumulated Funds (Appendix A)	1,393,558	1,309,216
Less: Internal Investments to Borrowing Services (Appendix B)	<u>(54,798)</u>	<u>(63,842)</u>
Less: Funds invested in fixed assets (Appendix C)	<u>(201,600)</u>	<u>(201,600)</u>
Balance available for External Investment	<u>1,137,160</u>	<u>1,043,774</u>

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006 (continued)

24 EMPLOYEE RELATED COSTS	2006 R
Employee related costs - Salaries, Overtime and Bonus	4,994,740
Employee related costs - Contributions for UIF, pensions and medical aid	638,550
Travel, motor car and other allowances	94,851
Housing benefits and allowances	124,499
	<u>5,852,640</u>

Balances totalling R 203,527 were owed in respect of PAYE, UIF, pension, medical aid and other deductions at 30 June 2006, being June 2006 payroll deductions paid over in July 2006.

Remuneration of Municipal Manager

Annual Remuneration	288,000
Performance Bonuses	34,000
Car Allowance	37,285
Contributions to UIF, Medical and Pension Funds	27,892
	<u>387,177</u>

Remuneration of Individual Executive Directors 30 June 2006

	Financial Services	Technical Services
	R	R
Annual Remuneration	243,600	98,000
Performance Bonuses	0	0
Car Allowance	73,601	35,000
Contributions to UIF, Medical and Pension Funds	23,752	9,769
	<u>340,953</u>	<u>142,769</u>

Remuneration of Individual Executive Directors 30 June 2006

	Corporate Services	Community Services
	R	R
Annual Remuneration	225,248	288,316
Performance Bonuses	0	0
Car Allowance	95,428	110,583
Contributions to UIF, Medical and Pension Funds	32,227	1,252
	<u>352,903</u>	<u>400,151</u>

25 RETIREMENT BENEFIT INFORMATION

The personnel are members of the Natal Joint Municipal Pension Fund. This fund is subject to a triennial actuarial valuation.

The last valuation was performed in 2003.

The deficit was R 22,417 million in respect of pensioners, the deficit was R 201,738 million in respect of members and the Fund did not hold an investment reserve,

APPENDIX A

STATUTORY FUNDS, RESERVES AND TRUST FUNDS

	Balance at 2005/06/30 R	Contributions during the year R	Interest on investments R	Other income R	Expenditure during the year R	Balance at 2006/06/30 R
STATUTORY FUNDS						
Capital Development Fund	3,874,948	906,900	285,462			5,067,310
Public Improvement Fund	1,309,216		84,342			1,393,558
	<u>5,184,164</u>	<u>906,900</u>	<u>369,804</u>	<u>0</u>	<u>0</u>	<u>6,460,868</u>
TRUST FUNDS						
Transitional Grant	676,744		50,792		(248,598)	478,938
Free Basic Service Grant	742,567		55,733		(71,870)	726,430
Integrated Development Planning Grant	67,114		5,037	(30,000)	(35,987)	6,164
Financial Support Grant	0					0
Management Assistance Programme	742,800		55,750	659,440		1,457,990
SASA Grant	30,000		2,252			32,252
Special Programme Grant	153,460		11,518		(34,937)	130,041
Free Basic Electricity	243,428		18,270		(76,269)	185,429
Soul Buddies Grant	0			10,000		10,000
Tourism Trainees Grant	0			36,000	(6,542)	29,458
Tourism Grant	5,784		434	6,000	(33,218)	(21,000)
Municipal Infrastructure Grant	0			2,218,265	(643,997)	1,574,268
M S I G Grant	0			814,000	(664,094)	149,906
LUMS Grant	100,086			200,560	(269,302)	31,344
Anti corruption Grant	134,000		10,057			144,057
Housing Grants	46,176		3,466			49,642
Capacity Building Grant	200,000		15,011	32,000		247,011
Property Rates Grant	63,125		4,738	165,000		232,863
Financial Management Grant	150,702		11,311	415,000	(411,627)	165,386
Monitoring Grant	185,000		13,885	40,000	(23,450)	215,435
Town Planning Grant	0			200,000		200,000
Performance Management System Grant	0			50,000		50,000
Lotto Funding Grant	0			669,192		669,192
MFMA Grant	45,000		3,377	100,000		148,377
Interdepartmental Grant	60,000		4,503			64,503
HIV/AIDS Grant	9,855		740	21,500		32,095
	<u>3,655,841</u>	<u>0</u>	<u>266,874</u>	<u>5,606,957</u>	<u>(2,519,891)</u>	<u>7,009,781</u>
RESERVE						
Street Lights	4,050				(4,050)	0
	<u>4,050</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(4,050)</u>	<u>0</u>
PROVISIONS						
Audit fees	110,205	144,007			(124,212)	130,000
Leave	226,770	410,733			(307,595)	329,908
	<u>336,975</u>	<u>554,740</u>	<u>0</u>	<u>0</u>	<u>(431,807)</u>	<u>459,908</u>

APPENDIX B

EXTERNAL LOANS AND INTERNAL ADVANCES

EXTERNAL LOANS	Balance at 2005/06/30 R	Received during the year R	Redeemed or written off during the year R	Balance at 2006/06/30 R
Annuity Loans				
Water (PDC)	0	0		0
	0	0	0	0

INTERNAL ADVANCES TO BORROWING SERVICE	Balance at 2005/06/30 R	Received during the year R	Redeemed or written off during the year R	Balance at 2006/06/30 R
Public Improvement Fund	63,842		(9,044)	54,798
Capital Development Fund	1,348,863	3,114,843	(338,275)	4,125,431
	1,412,705	3,114,843	(347,319)	4,180,229

APPENDIX C

ANALYSIS OF FIXED ASSETS

Expenditure 2005 R	SERVICE	Budget 2006 R	Balance at 2005/06/30 R	Expenditure 2006 R	Written off transferred redeemed or disposed of during the year R	Balance at 2006/06/30 R
986,050	RATE AND GENERAL SERVICES	8,432,765	7,701,377	3,987,921	0	11,689,298
549,209	Administration	4,500,000	4,234,492	2,852,211		7,086,703
	Health and Refuse		0			0
	Library		161,419			161,419
	Licensing		10,052			10,052
	Protection Service		52,719			52,719
	Sewerage		0			0
436,841	Town Estates	3,932,765	3,242,695	1,135,710		4,378,405
	WATER SERVICE	0	0	0		0
	PUBLIC IMPROVEMENT	0	201,600			201,600
986,050	TOTAL FIXED ASSETS	8,432,765	7,902,977	3,987,921	0	11,890,898
	LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS		6,490,272	1,220,399	0	7,710,671
	Loans redeemed and advances repaid		1,016,225	347,320		1,363,545
	Contributions ex operating income		902,561	12,751		915,312
	Provisions and reserves		20,260			20,260
	Grants and subsidies		4,549,830	860,328		5,410,158
	Public contributions		0			0
	Surplus Sale of assets		1,396			1,396
	NET FIXED ASSETS		1,412,705	2,767,522	0	4,180,227

APPENDIX D

ANALYSIS OF OPERATING INCOME AND EXPENDITURE

FOR THE YEAR ENDED 30 JUNE 2006

Actual 2005 R		Actual 2006 R	Budget 2006 R
INCOME			
	Government and Provincial grants and subsidies	12,225,059	13,159,000
7,213,315	Income from Rates	1,032,314	1,030,990
972,651	Income from Water sales	0	0
0	Income from tariffs, service charges, etc.	1,234,942	856,100
740,571	Agency fees	2,701,541	1,296,740
2,478,741	Interest on Investments	338,857	512,000
163,262	Accumulated Surplus	0	1,284,099
0			
11,568,540		17,532,713	18,138,929
EXPENDITURE			
3,829,360	Salaries, wages and allowances	5,852,640	7,038,816
4,330,820	General expenses	8,004,495	7,771,111
0	Bulk Purchases: Water	0	0
89,348	Repairs and maintenance	313,631	354,100
310,772	Capital charges	456,526	346,849
64,836	Contributions to fixed assets	12,751	70,069
689,462	Contributions to funds	1,317,633	2,557,984
9,314,598		15,957,676	18,138,929
0	Less: Charged out	0	0
9,314,598		15,957,676	18,138,929

APPENDIX E

DETAILED INCOME STATEMENT FOR THE YEAR ENDED

30 JUNE 2006

2005 Actual income R	2005 Actual expenditure R	2005 Surplus/ (Deficit) R		2006 Actual income R	2006 Actual expenditure R	2006 Surplus/ (Deficit) R	2006 Budget Surplus/ (Deficit) R
11,568,540	9,314,598	2,253,942	RATE AND GENERAL SERVICE	17,532,713	15,957,676	1,575,037	0
10,928,630	8,997,785	1,930,845	Community Services	16,529,269	15,534,242	995,027	(218,318)
9,924,960	5,454,840	4,470,120	Administration	732,350	3,275,425	(2,543,075)	(2,681,476)
			Council	0	1,659,565	(1,659,565)	(2,169,037)
			Municipal Manager	0	703,095	(703,095)	(726,106)
972,651		972,651	Financial Services	12,320,138	4,142,044	8,178,094	7,798,860
			Assessment rates	1,032,314		1,032,314	1,030,990
4,753	141,508	(136,755)	Community Services	2,401,769	3,711,319	(1,309,550)	(727,750)
26,266	3,401,437	(3,375,171)	Library	3,557	151,512	(147,955)	(188,973)
			Technical Services	39,141	1,891,282	(1,852,141)	(2,554,826)
639,910	316,813	323,097	Economic Services	1,003,444	423,434	580,010	218,318
0	0	0	Sewerage	0	0	0	0
639,910	316,813	323,097	Licensing	1,003,444	423,434	580,010	218,318
0	0	0	TRADING SERVICE	0	0	0	0
			Water				
11,568,540	9,314,598	2,253,942	TOTAL	17,532,713	15,957,676	1,575,037	0
		(1,940,587)	Appropriations for this year			(95,454)	
		313,355	Net surplus for the year			1,479,583	
		5,481,978	Accumulated surplus beginning of the year			5,795,333	
		5,795,333	ACCUMULATED SURPLUS END OF THE YEAR			7,274,916	

APPENDIX F

STATISTICAL INFORMATION

	2006	2005
1 General Statistics		
a) Population		
All racegroups	59,067	61,000
b) Valuation (Land only)		
Rateable (R' 000)	13,609	13,469
Non-Rateable (R' 000)	742	845
c) Number of employees		
Salaried personnel	39	45
Wage earners	0	8
2 Sundry Statistics		
a) Area (Square kilometres)	950km2	950km2
b) Registered Voters	24,686	24,686
c) Building survey-		
Number of plans passed	41	19
Value of plans passed (577m2 x R2500/m2)	27,390,085	11,442,525
d) Parks and Recreation		
- Number of developed parks	0	0
- Number of swimming pools	0	0
e) Roads - Kilometre (existing)	26,5	26,5